

## SMG Indium Resources Ltd. Marks One Year Anniversary

NEW YORK, May 8, 2012 /PRNewswire/ -- SMG Indium Resources Ltd. (the "Company") (OTCBB: SMGI, SMGIW, SMGIU), is pleased to mark the one year anniversary of its Initial Public Offering ("IPO"). Over the past year, the Company has amassed, without disrupting the market, what it believes to be the world's largest known strategic stockpile of indium held outside of the People's Republic of China. The Company now holds, in a secure vault located in New York City, approximately 42.5 metric tons ("mt") of this critical metal. This is equal to approximately 6.6% of the world's estimated annual primary production\* of indium.

The Indium market has been volatile over the past year, trading between \$510 and \$870 per kilogram. The Company's average cost basis for its 42.5 mt is approximately \$623 per kilogram. As of May 4, 2012, indium was quoted at \$535 per kilogram and the Company's Net Market Value ("NMV")\*\* was approximately \$3.58 per share. The Company's business plan is based upon its belief that indium prices are poised to appreciate considerably over the longer term as a result of favorable supply-demand fundamentals within the indium market. The intention of the Company has always been to position itself with an important stockpile of indium at a reasonable cost basis in anticipation of long-term price appreciation. The Company has fully expended the proceeds from the IPO set aside to purchase indium and retains approximately 3 years of cash to cover future operating expenses.

The Company is continuing to accumulate additional metal in today's marketplace, utilizing proceeds from the \$7.5 million private placement that it closed in January 2012. This investor was Raging Capital Management LLC, an entity controlled by William C. Martin, a director of the Company and a member of its Manager through RCM Indium, LLC. Insiders now own approximately 48% of the Company's common stock.

There were other important developments during the year. In July 2011, the Company proudly hired Mary E. Paetzold, a highly qualified and seasoned executive as its new Chief Financial Officer. Shortly thereafter, the Company retained KPMG LLP as its independent registered public accounting firm.

In March 2012, the Company profitably closed the industry's first known unconditional sale and purchase transaction, as it lent 1,000 kilograms of indium for one month for a return of \$20 per kilogram. "We believe this is a line of business that is ripe for development, and for which the Company is uniquely positioned to benefit," said Alan C. Benjamin, chief executive officer.

The Company's management welcomes the opportunity to meet and speak with investors. Please email Richard A. Biele at [rbiele@smg-indium.com](mailto:rbiele@smg-indium.com) for further information. We wish to thank all of our existing investors for their continued support.

### Indium Market Update

Indium is strongly linked to the burgeoning digital economy and plays a critical role in the development of flat panel displays, high-speed semiconductors, and light emitting diodes ("LEDs") that together shape our ever-expanding electronic experience. The largest end user for indium, the Liquid Crystal Display ("LCD") industry, continues to expand. The LCD market is increasing both in terms of units sold and total display area. Falling retail prices are boosting global demand within every major category of display - TVs, monitors, notebooks, tablets and smartphones. Corning Inc., one of the world's largest LCD glass manufacturers, projects LCD glass demand will grow from 3.2 billion square feet in 2011 to approximately 3.6 billion square feet in 2012\*\*\*. The bulk of this glass will be coated with a thin layer of indium-tin-oxide ("ITO"). Traditionally, ITO was primarily used as the transparent conductive oxidelayer in LCDs. In recent years, LCDs utilizing additional indium-based technologies such as LED backlighting and touchscreens with multiple layers of ITO has served to increase the average indium content per unit. A fourth indium-based application within LCD screens is now just beginning to emerge. In April 2012, Sharp Corp. announced that it started fabrication of LCD panels employing a new oxide-material-based thin-film transistor known as indium-gallium-zinc-oxide ("IGZO")\*\*\*\*. Recently, IGZO screens have gained notoriety in the press in relation to the much anticipated AppleTV and the new iPad. IGZO is a highly efficient semiconducting

material that can be used as the channel for a transparent thin-film transistor. It has significantly greater electron mobility (20 - 30 times higher) than that of the amorphous silicon substrate it replaces. The end result is an LCD panel with a brighter picture, a thinner screen, improved power conservation and more indium consumption.

Many of the other industries with applications requiring indium continue to grow in size as well. Despite a difficult year for the solar power industry, the copper indium gallium selenide ("CIGS") thin-film photovoltaic ("PV") market, a relatively new user of indium, expanded considerably in 2011. In January 2012, GTM Research, a Greentech Media company that provides market research and strategic consulting, estimated that CIGS manufacturers produced in excess of 800 megawatts in 2011\*\*\*\*. Earlier this year, analysts at Raymond James predicted CIGS shipments could reach about 1300 megawatts in 2012. In the longer-term, CIGS thin-film PV still represents a potentially very large indium demand driver. The LED market, of which indium is an essential raw material, is still experiencing a very rapid compound annual growth rate. New indium-based applications continue to be found in other compound semiconductors. Last year, semiconductor behemoth Intel Corp., in their bid to extend Moore's Law, displayed a revolutionary three-dimensional transistor dubbed the "Tri-Gate" which is significantly smaller and more powerful than regular chips. Intel's Ivy Bridge is the first Tri-Gate semiconductor chip to be released. Intel has indicated that it intends to further improve the functionality of its first generation 3D semiconductor by such methods as shifting away from silicon and into indium-based compound semiconductors\*\*\*\*\*. It is believed that future Tri-Gate chips may use an indium-phosphide substrate and an indium-gallium-arsenide gate. Finally, indium not only plays an environmentally green role as a key material in thin-film PV cells, but also in low melting point solders and alloys where it increasingly serves as a non-toxic alternative to lead and mercury.

\* Based on 2012 U.S. Geological Survey estimates

\*\* We use the term NMV per share when we discuss the value of the Company. We define the term NMV, as used in this release, as the product of multiplying the number of kilograms of indium held by the Company at any given point by the spot price for indium as published by Metal Bulletin PLC and posted on Bloomberg L.P., plus cash and other Company assets, less any liabilities divided by the common shares outstanding. The use of the term NMV is a non-GAAP financial measurement. The Company's GAAP net book value per common share was approximately \$3.60 on March 31, 2012.

\*\*\* Corning Inc., press release; January 25, 2012  
([http://www.corning.com/news\\_center/news\\_releases/2012/2012012501.aspx](http://www.corning.com/news_center/news_releases/2012/2012012501.aspx))

\*\*\*\* Sharp Corporation, press release; April 13, 2012  
(<http://sharp-world.com/corporate/news/120413.html>)

\*\*\*\*\* "Who is the World Leader in CIGS Solar Shipments"?, by Eric Wesoff; January 17, 2012  
(<http://www.greentechmedia.com/articles/read/who-is-the-world-leader-in-cigs-solar-shipments/>)

\*\*\*\*\* "Enabling Breakthroughs In Technology", by Mike Mayberry; June, 2011  
[http://download.intel.com/newsroom/kits/research/2011/pdfs/Components-Research\\_Enabling\\_Breakthroughs\\_Technology.pdf](http://download.intel.com/newsroom/kits/research/2011/pdfs/Components-Research_Enabling_Breakthroughs_Technology.pdf)

### **About SMG Indium Resources Ltd.**

SMG Indium Resources Ltd. purchases and stockpiles the metal indium and believes it maintains the largest strategic stockpile of indium held outside of the People's Republic of China. Our strategy is to achieve long-term appreciation in the value of our indium stockpile, and not to actively speculate with regard to short-term fluctuations in indium prices. Our indium is insured and physically stored at a Brink's Global USA facility located in the United States. Our shareholders have the ability to effectively purchase an interest in indium in a manner that does not directly include the risks associated with ownership of companies that explore for, mine or process indium. For more information please contact: [info@smg-indium.com](mailto:info@smg-indium.com)

## Disclosure Notice

*This press release may contain forward-looking statements regarding SMG Indium Resources Ltd. current expectations of future events that involve risks and uncertainties, including, without limitation, and not limited to indium price volatility from supply and demand factors, international export quotas that could affect the availability of indium and our ability to purchase indium, lack of any internationally recognized exchanges for indium, limited number of potential suppliers of indium and potential customers who purchase indium, disruption of mining operations, technological obsolescence, substitution of other materials decreasing the demand for indium, regulatory requirements regarding indium, risks associated with international economic and political events, lack of operational liquidity, lack of investment liquidity, factors affecting our NMV, and changes in interest rates. Such statements are based on management's current expectations and are subject to a number of substantial risks and uncertainties that could cause actual results or timeliness to differ materially from those addressed in the forward-looking statements. Factors that may cause such a difference are listed from time to time in reports filed by the Company with the U.S. Securities and Exchange Commission (SEC), including but not limited to risks described in our 2011 Annual Report on Form 10-K as filed with the Securities and Exchange Commission under the caption "Risk Factors." We undertake no obligation to publicly update any forward-looking statements.*

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